

Message Text

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17

ACTION NEA-12

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 IO-14 OMB-01 EB-11 COME-00 TRSE-00

FEA-02 INT-08 SCI-06 CIEP-02 SAM-01 STR-08 DRC-01

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FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 9402

INFO AMEMBASSY ABU DHABI

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY TEHRAN

C O N F I D E N T I A L KUWAIT 1635

EO 11652: GDS

TAGS: PINT, KU

SUBJ: ASSEMBLY FAILS TO PASS NO-CONFIDENCE MOTION AGAINST MINISTER
OF COMMERCE AND INDUSTRY

REF: KUWAIT 1540

SUMMARY: NO-CONFIDENCE VOTE AGAINST KHALID AL-ADASANI, MINISTER
OF FINANCE AND INDUSTRY OBTAINED ONLY 13 OUT OF A REQUIRED 25
VOTES AND THUS FAILED. IN A STATEMENT FOLLOWING VOTE, ADASANI
SAID HE STILL HOPED GOVERNMENT WOULD ACCEPT HIS RESIGNATION WHICH
HE HAD TENDERED SOME FOUR MONTHS AGO. ADASANI IS IN UNENVIABLE
POSITION OF BEARING RESPONSIBILITY FOR CONTROLLING INFLATION
WHEN ANY MEANINGFUL STEP IN THAT DIRECTION IS APPARENTLY
POLITICALLY IMPOSSIBLE FOR GOK. DEPUTIES BRINGING CHARGES AGAINST
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ADASANI AWARE OF SITUATION BUT USING ATTACK ON ADASANI ON THIS

POPULAR ISSUE AS MEANS TO OBTAIN POLITICAL POPULARITY AND PERHAPS TO OPEN WAY FOR ATTACK ON MIN FINANCE AND OIL ATIQI AND PRESENT GOVERNMENT AS A WHOLE. END SUMMARY

1. IN APRIL 23 NATIONAL ASSEMBLY SESSION, TWELVE DEPUTIES WHO TABLED MOTION OF NO-CONFIDENCE AGAINST KHALID AL-ADASANI, MINISTER OF COMMERCE AND INDUSTRY AT APRIL 16 SESSION, GAINED ONLY ONE ADDITIONAL SUPPORTER WHEN MOTION WAS VOTED. ALL OTHER TWENTY DEPUTIES ABSTAINED. THUS FIRST NO-CONFIDENCE MOTION VOTE IN KUWAITI HISTORY WAS EASILY DEFEATED. CONSTITUTION REQUIRED 25 DEPUTIES TO VOTE IN FAVOR OF SUCH MOTION TO PASS IT.

2. CHARGES AGAINST ADASANI CENTERED ON RESPONSIBILITY FOR SPIRALING LIVING COSTS AND FAILURE TO CONTROL PROFITEERING. MOST CRITICISMS WERE REPETITIONS OF CHARGES AT EARLIER ASSEMBLY SESSIONS. DEPUTIES WHO VOTED AGAINST ADASANI WERE PRIMARILY "OPPOSITION" LEFTIST DEPUTIES, AND SOME SUPPORTERS OF SHAIKH JABER AL-ALI, FORMER MINISTER OF INFORMATION AND CHIEF RIVAL FOR POWER TO CP/PM JABER AL-AHMAD.

3. IN BRIEF STATEMENT FOLLOWING VOTE, ADASANI STATED THAT ALTHOUGH MOTION HAD BEEN DEFEATED, HE WOULD STILL PREFER TO BE RELIEVED OF HIS POST. HE NOTED THAT HE HAD OFFERED HIS RESIGNATION SOME FOUR MONTHS AGO, BUT GOK HAD REFUSED TO AGREE AT THAT TIME.

4. COMMENT: IN EARLIER YEARS, KHALID AL-ADASANI WAS PAN-ARAB FIREBRAND WHO OPPOSED SHAIKHLY RULE IN KUWAIT AND WORKED FOR ARAB UNITY AND POWER. HE HAS MELLOWED WITH THE YEARS, HOWEVER, AND IS NOW PROSPEROUS MEMBER OF THE GOVERNMENT ESTABLISHMENT ALTHOUGH HE STILL RETAINS STRONG ANTI-AMERICAN BIAS. AT SAME TIME, HE IS IN UNENVIABLE POSITION OF BEING CHARGED WITH RESPONSIBILITY OF CONTROLLING INFLATION, WHEN ANY MEANINGFUL STEP IN THAT DIRECTION IS APPARENTLY POLITICALLY IMPOSSIBLE FOR GOK TO CONSIDER. PROMINENT AND WEALTHY MERCHANTS OF KUWAIT ARE WILLING SUPPORT SABAH GOVERNMENT AS LONG AS THEY ARE GIVEN VIRTUALLY UNRESTRICTED FREEDOM TO CONDUCT BUSINESS AND MAKE PROFITS AS THEY SEE FIT. IF GOK SOUGHT TO INSTITUTE PRICE CONTROLS, OR TAKE SIMILAR MEASURES THAT WOULD LIMIT PROFIT, THERE WOULD SURELY BE AN IMMEDIATE AND DRAMATIC COUNTER ATTACK FROM THE MERCHANTS. RE PROFITEERING IN LOCAL STOCK MARKET, PROFITEERS ARE THE SAME -- THE WEALTHY

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MERCHANTS -- ALTHOUGH THIS SITUATION MIGHT BE EASIER TO BRING UNDER CONTROL AND LESS EASY TO PROTEST.

5. THUS, ADASANI CAN ONLY OFFER PALLIATIVES TO INFLATION PROBLEM, SUCH AS SUBSIDIES TO NEW GOVERNMENT IMPORTING COMPANY (PARTLY OWNED BY LARGE MERCHANTS) THAT SEEKS TO CONTROL PRICE BY KEEPING ITS PRICES DOWN WITH ONLY FIVE PERCENT PROFIT MARGIN, INCREASING WAGES OF CIVIL SERVANTS, ENCOURAGING COOPERATIVE SOCIETIES,

ETC. ADASANI IS CLEARLY CARRYING OUT POLICY GOVERNMENT DESIRES--
NO ONE ELSE COULD DO IT BETTER -- HENCE HIS RESIGNATION WAS NOT
ACCEPTED. REALIZING THIS SITUATION, MOST DEPUTIES IN ASSEMBLY
UNWILLING TO ROCK BOAT AND PREFERRED TO "ABSTAIN" IN THE VOTE.

6. SEVERAL DEPUTIES WHO RAISED CHARGES OPPOSE THE LAISSEZ
FAIRE ECONOMIC SYSTEM OF KUWAIT (AT LEAST FOR PROPAGANDA PURPOSES,
FOR SEVERAL ARE WEALTHY MERCHANTS THEMSELVES). THEY KNOW PROBLEM,
BUT ARE SEEKING INCREASED POLITICAL POPULARITY AND PRESSURE ON
GOK TO MAKE SOME CHANGES IN ITS ECONOMIC POLICIES. IN COMMENTING
ON NO-CONFIDENCE VOTE, ADASANI'S SON, MAHMOUD ADASANI (A TOP
MINISTRY OF FINANCE AND OIL OFFICIAL) TOLD EMBOFF HE BELIEVED
AN IMPORTANT AIM OF DEPUTIES WAS TO TOPPLE MINISTER FINANCE
AND OIL ATIQUI, AND IF NO-CONFIDENCE MOTION AGAINST ADASANI
HAD SUCCEEDED ATIQUI WOULD HAVE BEEN NEXT.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, GOVERNMENT REFORM, CABINET, INFLATION, COMMERCE & INDUSTRY, PUBLIC ADMINISTRATION, CENTRAL LEGISLATURE, PERSONNEL RESIGNATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 28 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KUWAIT01635
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740101-0166
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974048/aaaaaggz.tel
Line Count: 131
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: KUWAIT 1540
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 26 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 JUN 2002 by kelleyw0>; APPROVED <05 MAR 2003 by GolinoFR>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ASSEMBLY FAILS TO PASS NO-CONFIDENCE MOTION AGAINST MINISTER OF COMMERCE AND INDUSTRY
TAGS: PINT, KU
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005